

Department of Health and Social Services
Impact Statements in Response to
House Finance Subcommittee Budget Proposals
Date: April 1, 2003
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House Subcommittee action results in a net increase over the Governor's FY2004 Budget for DHSS of \$48.6 million in total funds, of which \$46.8 million are general funds. These increases are primarily due to restoration of those budget reduction items that require statutory changes. If legislation is approved by the legislature, the reductions will be incorporated through bill fiscal notes. Following are the legislative restoration items:

HB 158 - Longevity Bonus Grants	\$44,800,000	
Longevity Hold Harmless	\$ 1,459,500	
Restore Pioneer Home longevity Bonus receipts (\$1,500,000)	-	(Fund change)
HB 167- % Match for Alcohol grants	\$ 1,611,700	
HB 166 – Adoption reviews	\$ 185,000	
HB 172 – Medicaid eligibility	<u>\$ 600,000</u>	
Total	\$ 48,656,200	

(\$377,000 federal; \$46,779,100 general funds; and \$1,500,000 Receipt Support Svcs)

Other areas of note follow:

Program:	Dollar Amount(s):	Fund Source(s):
Health Care Services - Medicaid	(\$9,000,000)	Federal Receipts
	<u>(\$6,000,000)</u>	General Funds
	(\$15,000,000)	Total Funds

Impact Title: Reduce Medicaid abuse and improve program integrity

Impact Analysis:

The subcommittee proposal to reduce \$15 million is intended to come from the department identifying and eliminating abuse and inappropriate expenditures, not compromising legitimate service delivery. The FY2004 Governor's budget included approximately \$3 million in cost containment proposals for enhancing fraud and abuse detection and prevention. This additional reduction will require the new divisions who are managing the Medicaid program (Behavior Health, Senior and Disability Services, and Office of Children Services) to work with the Division of Health Care Services to strengthen program integrity with a goal to eliminate waste and abuse in the Medicaid program.

Program:	Amount(s):	Source(s):
Children's Services -	(\$1,844,000)	General Funds
Subsidized Adoption and Guardianship	<u>(\$ 168,000)</u>	Federal Funds
	(\$2,012,000)	TOTAL

Impact Title: Reduce funding below 14% growth rate estimate

Impact Analysis: The Subsidized Adoption and Guardianship program provides subsidies for parents who adopt or provide a legal guardianship for children who have been in Foster Care. This program has seen substantial growth in the last five years, but has provided permanent homes for over 700 children since FY99.

The subcommittee has taken a total of \$1,844,000 general fund reduction to this program. While this leaves a \$2,500,000 increase, \$2,000,000 of the increase is needed just to keep the program funded consistent with FY03 expenditures and the already approved supplemental.

Overall, the House Subcommittee funds a 3% increase in FY04 for this program as compared to the Governor's request of 16%. The Governor's requested level is based on caseload trends for the past several years. The department will continue to monitor this program to insure priority services are maintained while being fiscally prudent. In the absence of Legislative direction regarding what changes should be made to the program, the department may need to request a supplemental appropriation if higher caseloads occur in FY04.

Program:	Amount(s):	Source(s):
Children's Services - Foster Care	(\$1,000,000)	General Funds

Impact Title: Reduction to Foster Care Base Rate and Special Needs

Impact Analysis: The reduction of \$500,000 to Foster Care Base Rate may be able to be managed due new trends in the program that show lower caseloads; the \$500,000 in Foster Care Special Needs funding will require the Children's Services division to increase controls and limit expenditures in the program including saving travel funds from client related travel.

Program:	Amount(s):	Source(s):
Children's Services – Balloon Project	(\$ 701,700)	General Funds

Impact Title: Eliminate Balloon funds for attorneys and transfer 14 positions into Front Line Social Workers component

Impact Analysis: The subcommittee transfers \$844,900 (\$160,000 federal and \$684,900 general funds) from the Balloon Project into the Front Line Social Worker component to fund on-going costs of 14 social workers. However, \$701,700 of non-personal services funding used to pay partner agencies attorney costs (Law, OPA, PD) has been eliminated and the funds transferred to the Human Services Community Matching Grant.

The elimination of Balloon Project funds would result in the loss of approximately 8 attorney positions statewide and impact approximately 250 cases currently managed by the Division's partners. These positions further serve to enable the division to meet the legal mandate that permanent placement must be accomplished within the shortened time frames set by State and Federal law. These laws require children that have been in foster care for 15 of the past consecutive 22 months be placed into a permanent home.

The department's inability to meet the directive that permanent placement be accomplished within a shortened time may force children to remain in foster care longer. Maintaining children in foster care is more costly than transitioning them, via the Balloon Project, to permanent adoption or guardianship homes.

As of December 2002, over 1,600 children served by the Balloon Project reached permanency. Approximately 550 of these children returned home or were released, over 600 were adopted, and over 200 moved into guardianship homes. Without key Balloon Project resources, the Division would expect the length of time in state custody before achieving permanency would increase due to the elimination of staff and essential resources.

Program:	Amount(s):	Source(s):
Human Services Matching Grants	\$ 850,000	General Funds

Impact Title: Restore Matching Grant program to 66% of prior year funding

Impact Analysis: The subcommittee restored partial funding for this program with the intent that the grant program for Anchorage and Fairbanks will be phased out over three years. Of this restoration, \$701,700 is being transferred from the Office of Children's Services Balloon Project and will reduce funding available for partner agencies to assist in placing children in state foster care into permanent homes.

Program:	Amount(s):	Source(s):
Juvenile Justice – Bethel Youth Facility	\$ 150,000	General Funds

Impact Title: Provide additional funding to align with facility needs

Impact Analysis: The subcommittee added funding for the Bethel Youth Facility to address overcrowding issues and other Juvenile Justice concerns in that area.

Program:	Amount(s):	Source(s):
API 2000/Community Programs	\$ 750,000	General Funds
	<u>\$ 950,000</u>	MHTAAR
	\$1,700,000	TOTAL

Impact Title: Fund Community Services/API 2000

Impact Analysis: The subcommittee funded components for continued Community Mental Health/API Replacement Project to provide community based services in the Anchorage area and divert persons in crisis from API. This is part of the overall plan to downsize API. \$950,000 of this funding has been redirected from other Trust projects, e.g. Medicaid Review and Enhancement in order to fund this higher priority project.